

**TELEVISION
OPERATORS
CAUCUS, INC.**

202-944-5109
901 31st Street, N.W., Washington, D.C. 20007
Telecopy 202-333-1638

TOC Mary Jo Manning
Coordinator

RECEIVED

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May 17, 1995

Mr. William F. Caton
Secretary
Federal Communications Commission
1919 M Street N. W., Room 222
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Re: MM Docket No. 91-221, Letter from the
Television Operators Caucus, Inc.

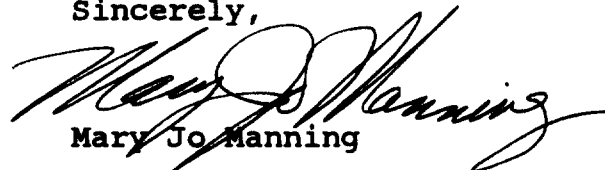
DOCKET FILE COPY ORIGINAL

Dear Mr. Caton,

On behalf of the Board of Directors of the Television Operators Caucus, Inc., I am herewith transmitting for filing in the above referenced proceeding and original and four (4) copies of a letter sent today to the Chairman of the Commission. A similar letter also was sent to the members of the Commission.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,


Mary Jo Manning

MJM:lb
Enclosure

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Mary Jo Manning
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May 17, 1995

Mr. Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

RE: MM Docket No. 91-221, Review of the Commission's Regulations
Governing Television Broadcasting, Further Notice of Proposed
Rule Making

Dear Chairman Hundt,

The Board of Directors of the Television Operators Caucus recently adopted a policy statement involving matters before the Commission. In addition to a reaffirmation of its strong commitment to the implementation of the advanced television system, the Board adopted positions on several of the issues raised in the above referenced proceeding.

As you know, the TOC is composed of television broadcast station operators. In the aggregate, TOC members operate 64 television stations reaching 62% of the nations' households.

The Chairman, Cecil Walker, and the members of the Board have requested that I communicate to you the positions the Board has taken involving television ownership policy. It is the Board's hope that its views will be helpful to you as you consider changes in these current communications policies.

The Board, with one dissenting member, agreed to the following statement on ownership policies:

TOC supports current communications policy which bases television ownership limits on the combined national reach of the stations (now 25%). TOC further supports the current ownership rules restricting cable/television ownership combinations and common market Grade A station ownership combinations.

For this reason, TOC opposes the concept of Local Marketing Agreements (LMAs) for television because such agreements conflict in practice with the duopoly rules. TOC urges the Commission to define and to restrict these business arrangements.

The issue of national ownership limits for television stations involves complex economic questions including maintaining the balance of market forces within the broadcast industry. The national networks already have near total, national reach through their owned and operated stations and their affiliated stations. Increasing the national household cap beyond the current 25% will permit the networks to increase the number of stations they own directly, and in turn their acquisitions will lessen ownership diversity within the industry, since the networks will be buying stations currently owned by others. The resulting increase in ownership concentration by the handful of network owners will substantially alter the relationship between the networks and their affiliated stations.

Cross-ownership television combinations with cable, including network/cable combinations, must continue to be prohibited to maintain a satisfactory balance in video ownership diversity.

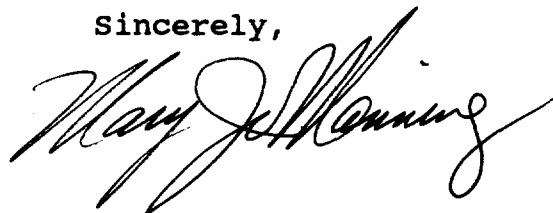
The Commission's relaxation of its rules affecting radio duopoly was appropriate in light of the large number of radio stations serving most markets. Television is different because each market has relatively fewer stations. Therefore, to preserve current video diversity, the television duopoly rules should not be materially altered except to use the predicted grade A (rather than the Grade B) signal contour as the measurement benchmark. The Grade A is a more accurate reflection of the local market in which the station is operating and in which combinations between television stations would have an adverse effect on the ownership diversity and robustness which have served the public well.

Letter to Chairman Hundt
Page Three

TOC opposes local marketing arrangements (LMAs) since in all material economic ways they function as de facto waivers of the duopoly rules. LMAs should not be permitted by the FCC. The absence of clear Commission policy in this area has fostered a climate in which actions are being taken which may be very harmful to the public, and they are effectively being undertaken outside of any Commission oversight or direct knowledge. This situation is not in the public's interest and should be remedied promptly.

The full text of the policy statement and a list of the members of the Board are attached to this letter for your information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mary J. Henning". The signature is fluid and stylized, with a large, sweeping initial "M".

Note: A copy of this letter has been provided to the Secretary of the Commission for inclusion in the record of the above referenced proceeding.

**TELEVISION OPERATORS CAUCUS
STATEMENT
TELEVISION BROADCAST POLICY**

The Television Operators Caucus Inc., (TOC) consists of television broadcast group operators. Collectively, the TOC Board membership operates 64 affiliated and independent television stations in markets serving 62 percent of the U.S. population.*

GENERAL COMMENTS

Over-the-air commercial television broadcast service is universally available, locally oriented and free of charge to the public. Our industry's achievement of these important characteristics has been fostered by long-standing federal policies promoting ownership diversity, open access and localism. Federal policies have succeeded when they have maintained a careful balance in relationships within our industry (e.g. through ownership diversity and network-affiliate rules) and between broadcasting and other video technologies. The public has been well served by these policies and by our industry.

As television broadcasters approach the "Digital Age," it is appropriate to assess our business and federal policies affecting our business in light of new technologies and new competition. The Television Operators Caucus, like many others in our industry, has undertaken a thorough assessment of our business needs for the coming era. This assessment has included internal research and evaluation, a comprehensive external study and specific initiatives in certain areas, such as audience ratings.

TOC's collective and unanimous conclusion is that television broadcasters will play an important role in the new digital environment only if we keep faith with and build upon those basic characteristics of our business which are responsible for our current standing with viewers--locally oriented programming and ownership diversity. To the extent that broadcasters could expand beyond our core business, our research strongly suggests that our greatest opportunities lie with services that support and are related to that core business. This conclusion contrasts with the

* The TOC members include: Gannett Broadcasting, A.H. Belo Corporation, The Hearst Corp., Cox Broadcasting, Inc., Tribune Broadcasting Company, Pulitzer Broadcasting, Meredith Broadcast Group, McGraw-Hill Broadcasting Co., Post-Newsweek Stations, Inc., and Citicasters.

speculation that broadcasters must seek new, unrelated businesses in light of new technologies.

With these points in mind, TOC urges federal policymakers to permit broadcasters to maintain our current market focus and our internal industry balances while we transition to digital, ATV technology. Policymakers should not assume that either the public or the industry will be well served by the imposition of policies which were designed for other businesses.

As the Congress and the FCC evaluate specific policy changes, TOC offers the following recommendations.

I. ADVANCED TELEVISION SPECTRUM

Like the Board of Directors of the Association of Maximum Service Television (MSTV), TOC affirms its commitment to high definition television and to the use of ATV channels substantially for HDTV.

TOC members intend to compete vigorously in the new digital era, using the ATV channels to improve our signal quality for the benefit of the viewing public.

The new channel allocations are necessary so that the industry can move from the current analog NTSC technology to the digital technology which will make ATV/HDTV a reality for the public. A transitional period is necessary so that the viewing public and the industry will be able to replace current equipment without displacing current viewers. It would not be in the public's interest to obsolete television sets currently in use. Over time, as this transition is completed, broadcasters will stand as the only digital technology providers whose signals are universally available and free of charge to the viewing public.

When the transition is completed, broadcasters will operate one 6 Mhz allocation, just as we do today, and we will be providing service free to the public, as we do today. Given the transitional and eventual benefits to the public and the fact that broadcasters will have the same spectrum resource at the end of the transition as we have today, it is not useful to complicate the current policy process with speculation about how spectrum could or might be used in ways that are not related to our primary business. Our commitment and the focus of the policy process should be on achieving a reasonable transition from analog to digital broadcast service, with appropriate flexibility as to how we approach the provision of service to achieve that transition.

As the MSTV Board recently stated, "the goal of public policy and of the local television station community should be to transition our nation's free and universal television broadcast system to the digital era. The totality of the American public,

which only broadcasters serve, must have the opportunity to participate in the benefits of digital television and most centrally, HDTV."

II. NAVIGATION REQUIREMENTS

TOC supports legislative language to ensure that the public retains easy and understandable access to broadcast service if they are receiving these services over a telco-provided video platform.

At the heart of universal availability of broadcast service is the ability of the viewing public to locate and to receive these signals, regardless of the technology or provider with whom the public connects. In a multichannel menu-driven environment, especially in cases where the household is connected to the local telco for all video and data services, the public must be assured that it can locate and select the broadcast services with reasonable ease.

To achieve this access and continued availability, the TOC joins the NAB in proposing that legislation include language which requires the telcos to provide viewers with easily discernable access to broadcast services through the telco video platform.

III. TELEVISION OWNERSHIP RULES*

TOC supports current communications policy which bases television ownership limits on the combined national reach of the stations (now 25%). TOC further supports the current ownership rules restricting cable/television ownership combinations and common market Grade A station ownership combinations.

For this reason, TOC opposes the concept of Local Marketing Agreements (LMAs) for television because such agreements conflict in practice with the duopoly rules. TOC urges the Commission to define and to restrict these business arrangements.

The issue of national ownership limits for television stations involves complex economic questions including maintaining the balance of market forces within the broadcast industry. The national networks already have near total, national reach through their owned and operated stations and their affiliated stations. Increasing the national household cap beyond the current 25% will permit the networks to increase the number of stations they own

* One member of the TOC Board dissents from the Board position concerning ownership policies.

directly, and in turn their acquisitions will lessen ownership diversity within the industry, since the networks will be buying stations currently owned by others. The resulting increase in ownership concentration by the handful of network owners will substantially alter the relationship between the networks and their affiliated stations.

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**BOARD OF DIRECTORS
TELEVISION OPERATORS CAUCUS
April 1995**

Mr. Cecil L. Walker
President & CEO
GANNETT BROADCASTING
TOC Chairman

Mr. Ward L. Huey
Vice Chairman of the Board and
President, Broadcast Division
A.H. BELO CORPORATION
TOC Vice Chairman

Mr. John G. Conomikes
Vice President and
General Manager, Broadcasting
THE HEARST CORPORATION
TOC Secretary-Treasurer

Mr. Nicholas D. Trigony
President
COX BROADCASTING, INC.

Mr. James C. Dowdle
President
TRIBUNE BROADCASTING COMPANY
and Executive Vice President
TRIBUNE MEDIA OPERATIONS

Mr. Ken Elkins
President/CEO
PULITZER BROADCASTING

Mr. George N. Gillett, Jr.
Chairman
GILLETT HOLDINGS, INC.

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President
MEREDITH BROADCAST GROUP

Mr. Edward T. Reilly, Jr.
President
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Mr. G. William Ryan
President & CEO
POST-NEWSWEEK STATIONS, INC.

Mr. John P. Zanotti
CEO
CITICASTERS

Ms. Mary Jo Manning
Coordinator